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H.229

Introduced by Representatives Pearson of Burlington, Ram of Burlington,
Bartholomew of Hartland, Burke of Brattleboro, Clarkson of
Woodstock, Deen of Westminister, Gonzalez of Winooski,
Hooper of Montpelier, Jewett of Ripton, Masland of Thetford,
McCormack of Burlington, Ryerson of Randolph, Stuart of
Brattleboro, Sullivan of Burlington, Toleno of Brattleboro,
Townsend of South Burlington, Yantachka of Charlotte, and
Zagar of Barnard

Referred to Committee on

Date:

Subject: Government operations; State employee retirement; State pension
funds; divestment from fossil fuel companies

Statement of purpose of bill as introduced: This bill proposes to require that
the Vermont Pension Investment Committee divest from the 200 publically
traded companies that hold the largest carbon content fossil fuels reserves.

An act relating to divesting State retirement funds from the 200 publically
traded companies that hold the largest carbon content fossil fuels reserves

It is hereby enacted by the General Assembly of the State of Vermont:

1 Sec. 1. 3 V.S.A. § 523 is amended to read:

2 § 523. VERMONT PENSION INVESTMENT COMMITTEE; DUTIES

3 (a) The Vermont ~~pension investment committee~~ Pension Investment
4 Committee shall be responsible for the investment of the assets of the ~~state~~
5 ~~teachers' retirement system~~ State Teachers' Retirement System of Vermont,
6 the Vermont ~~state employees' retirement system~~ State Employees' Retirement
7 System, and the Vermont ~~municipal employees' retirement system~~ Municipal
8 Employees' Retirement System pursuant to section 472 of this title, 16 V.S.A.
9 § 1943, and 24 V.S.A. § 5063. The ~~committee~~ Committee shall strive to
10 maximize total return on investment, within acceptable levels of risk for public
11 retirement systems, in accordance with the standards of care established by the
12 prudent investor rule under 14A V.S.A. § 902. The ~~committee~~ Committee
13 may, in its discretion, subject to approval by the ~~attorney general~~ Attorney
14 General, also enter into agreements with municipalities administering their
15 own retirement systems to invest retirement funds for those municipal pension
16 plans. The ~~state treasurer~~ State Treasurer shall serve as the custodian of the
17 funds of all three retirement systems.

18 (b) Members and alternates of the ~~committee~~ Committee who are not
19 public employees shall be entitled to compensation as set forth in 32 V.S.A.
20 § 1010 and reimbursement for all necessary expenses that they may incur
21 through service on the ~~committee~~ Committee from the funds of the retirement

1 systems. The ~~chair~~ Chair of the ~~committee~~ Committee may be compensated
2 from the funds at a level not to exceed one-third of the salary of the ~~state~~
3 ~~treasurer~~ State Treasurer, as determined by the other members of the
4 ~~committee~~ Committee.

5 (c) The ~~committee~~ Committee shall keep a record of all its proceedings
6 which shall be open for public inspection.

7 (d) The ~~committee~~ Committee shall formulate policies and procedures
8 deemed necessary and appropriate to carry out its functions, including a
9 written statement of the responsibilities of and expectations for the ~~chair~~ Chair
10 of the ~~committee~~ Committee.

11 (e) The ~~attorney general~~ Attorney General shall serve as legal advisor to the
12 ~~committee~~ Committee.

13 (f) Contracts approved by the ~~committee~~ Committee and related documents
14 may be executed by the ~~chair~~ Chair, or in the ~~chair's~~ Chair's absence, the ~~vice~~
15 ~~chair~~ Vice Chair.

16 (g) Notwithstanding any other provision of law to the contrary, changes to
17 the actuarial rate of return shall be made at a joint meeting of the ~~committee~~
18 Committee and the appropriate retirement board. The board and ~~committee~~
19 Committee shall review the recommendations of the actuary and the
20 investment consultant. A change to an actuarial rate of return shall be by joint
21 resolution of the board and ~~committee~~ Committee. Each body shall vote

1 according to its own procedures. In the event that the board and ~~committee~~
2 Committee are unable to agree on an actuarial rate of return, the existing
3 assumed rate of return shall remain in effect.

4 (h) On or before January 1, 2020, the Committee shall divest the assets of
5 the State Teachers' Retirement System of Vermont, the Vermont State
6 Employees' Retirement System, and the Vermont Municipal Employees'
7 Retirement System of any interest in the 200 publically traded coal and oil and
8 gas companies that hold reported fossil fuels reserves with the largest potential
9 carbon emissions, as ranked by the Fossil Free Indexes US, and shall not invest
10 in any such company. As used in this subsection, "fossil fuels" means an
11 energy source formed in the earth's crust from decayed organic material. The
12 term includes petroleum, coal, natural gas, heating oils, light and heavy diesel
13 oil, motor gasoline, propane, butane, residential fuel oils, kerosene, and
14 aviation fuels. However, the term excludes biodiesel as defined in
15 10 V.S.A. § 585.

16 Sec. 2. EFFECTIVE DATE

17 This act shall take effect on July 1, 2015.